



July 12, 2010

Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA16
Federal Housing Finance Agency
Fourth Floor
1700 G Street NW
Washington, DC 20552

Re: RIN 2590-AA16, Federal Home Loan Bank Housing Goals

Dear Mr. Pollard,

The National Council of State Housing Agencies (NCSHA) is pleased to have the opportunity to provide comments on the Federal Housing Finance Agency's (FHFA) proposed Federal Home Loan Bank Housing Goals. We urge you to eliminate or reduce the mortgage purchase volume threshold so the goals will apply to more FHLBs and to expand the scope of the Federal Home Loan Banks' (FHLB) affordable housing goals to additional FHLB housing finance activities.

NCSHA is a national nonprofit, nonpartisan Washington, DC-based association that represents the interests of state Housing Finance Agencies (HFAs) before the Administration and the Congress. In addition to its policy and advocacy work, NCSHA provides HFAs education and training and facilitates best practice exchange among them.

HFAs are state-chartered housing agencies that operate in every state, the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands. Though they vary widely in their characteristics, including their relationship to state government, HFAs have in common their public-purpose mission to provide affordable housing to the people of their states who need it. HFAs administer a wide range of affordable housing and community development programs, including tax-exempt Housing Bonds, the Low Income Housing Tax Credit (Housing Credit), HOME, Section 8, down payment assistance, and state trust funds. Many of them have done business with FHLBs and some HFA executive directors sit on FHLB boards and advisory councils.

NCSHA supports the efforts of Congress and FHFA to require the FHLBs to conduct mission-oriented activities through affordable housing goals. As one of the organizations that helped draft the original Fannie Mae and Freddie Mac affordable housing goals legislation and worked with the Administration to develop their regulatory structure, we support strong goals for the FHLBs as well as Fannie Mae and Freddie Mac. We believe such goals have been and can continue to be effective at

increasing the Government-Sponsored Enterprises' (GSE) involvement in affordable housing. We also support aggressive enforcement of those goals.

Reduce the Mortgage Purchase Volume Threshold So Goals Apply to More FHLBs

The proposed rule would apply the new affordable housing goals to FHLBs that purchase \$2.5 billion or more in mortgages under the Acquired Member Assets (AMA) program in a year. NCSHA believes that the data FHFA included in its discussion of the proposed rule shows that this threshold is too high and should be lowered to ensure that the goals apply to as many FHLBs as possible. If the proposed threshold had been in place over the last five years, the goals would only have applied to four FHLBs—none of them for more than one year, and never more than two in a single year. For two years, no FHLB would have met the threshold.

Another alternative is to eliminate the threshold and apply housing goals to every FHLB regardless of their level of AMA mortgage purchases. NCSHA strongly supports this approach. We believe that Congress intended for the goals to apply to all FHLBs in all years, as do Fannie Mae and Freddie Mac's affordable housing goals.

Expand the Scope of the FHLBs' Housing Goals So More FHLB Activities Fall Under Them

We recommend the FHFA apply the new housing goals to more FHLB activities than just their AMA purchases. We believe that "taking into account the unique mission and ownership structure" of the FHLBs includes recognizing that they conduct the majority of their business through secured advances and investments instead of mortgage purchases. For that reason, we urge the FHFA to apply housing goals to the FHLBs' advances and investments as well as mortgage purchases.

More comprehensive applicability of the housing goals will encourage the FHLBs to develop a dedication to affordable housing and underserved market financing throughout their operations. The goals should motivate the FHLBs to pursue goals-eligible activities broadly and consistently, not as side or niche businesses.

NCSHA also urges FHFA to recognize the time-tested and consistently high-performing HFA delivery system that extends the reach of the FHLBs and could help them achieve their affordable housing goals. We urge you to award goals credit for FHLB support of HFA affordable housing activities, including FHLB purchases of HFA bonds, FHLB liquidity products that help HFAs finance their affordable housing activities, FHLB member bank investments in Housing Bonds and Credits, and advances to HFAs.

Thank you again for the opportunity to comment on FHFA's proposed rule establishing affordable housing goals for the FHLBs. Please contact me if NCSHA can provide additional information.

Sincerely,



Garth B. Rieman
Director, Housing Advocacy and Strategic Initiatives